



# Navy-Industry International Dialogue

08 November 01

# **INTERNATIONAL SALES ARRANGEMENTS**

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# International Acquisition Vehicles

**DCS**

**MO  
U**

**FMS**

**Any of these vehicles can be  
the 'best' in a given situation**

# FMS Arrangement

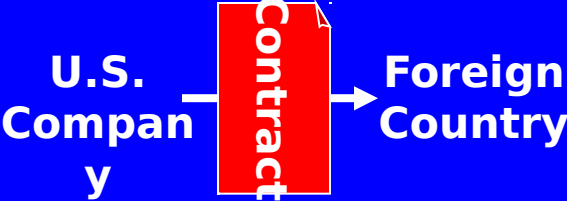
**FM  
S**

<b>Gov't Role</b>	<b>Contractor Role</b>	<b>Foreign Customer Role</b>
<p>The diagram illustrates the U.S. Government's roles in an FMS arrangement. It consists of two horizontal flowcharts. The top flowchart shows 'U.S. Gov't' on the left, a red box labeled 'LOA' in the center, and 'Foreign Country' on the right, connected by arrows. The bottom flowchart shows 'U.S. Gov't' on the left, a red box labeled 'Contract' in the center, and 'US Company' on the right, also connected by arrows.</p>	<b>Works for U.S. Gov't</b>	<b>Negotiates LOA with US Gov't</b>

# REASONS FOR FMS

- Military to Military Relationship
- Single acquisition manager for U.S. and Foreign procurements
- Configuration and Performance control
- Cost savings through combined U.S. and foreign procurement
- Expert knowledge on weapon system, employment, and ILS

# DCS Arrangement

	Gov't Role	Contractor Role	Foreign Customer Role
DCS	Reviews Export License Request	 <p>U.S. Company — <b>Contract</b> → Foreign Country</p> <p>Works for Foreign Country</p>	Negotiates contract with US company

# REASON FOR DCS

- Most international RFPs/ITTs are oriented towards contractor proposals to minimize liability of customer
- Customer negotiates contract – price, terms, and conditions
- Customer believes they have more leverage over contractor than USG managed FMS program.

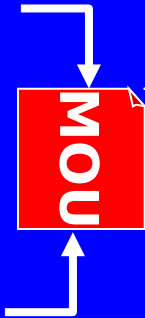
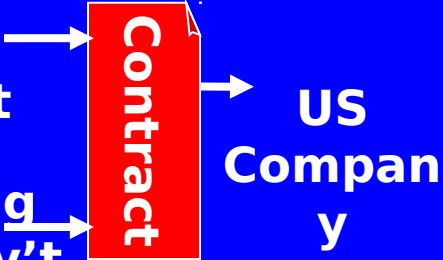
# REASONS FOR MOUs

- DoN and Allied common requirement
- Military to Military partnership vice seller buyer relationship
- Establishes responsibilities and commitments of the partners
- Partners establish acquisition strategy
- Partners share in risk and technology on an equitable basis
- Cost savings through partnering of program costs and procurements

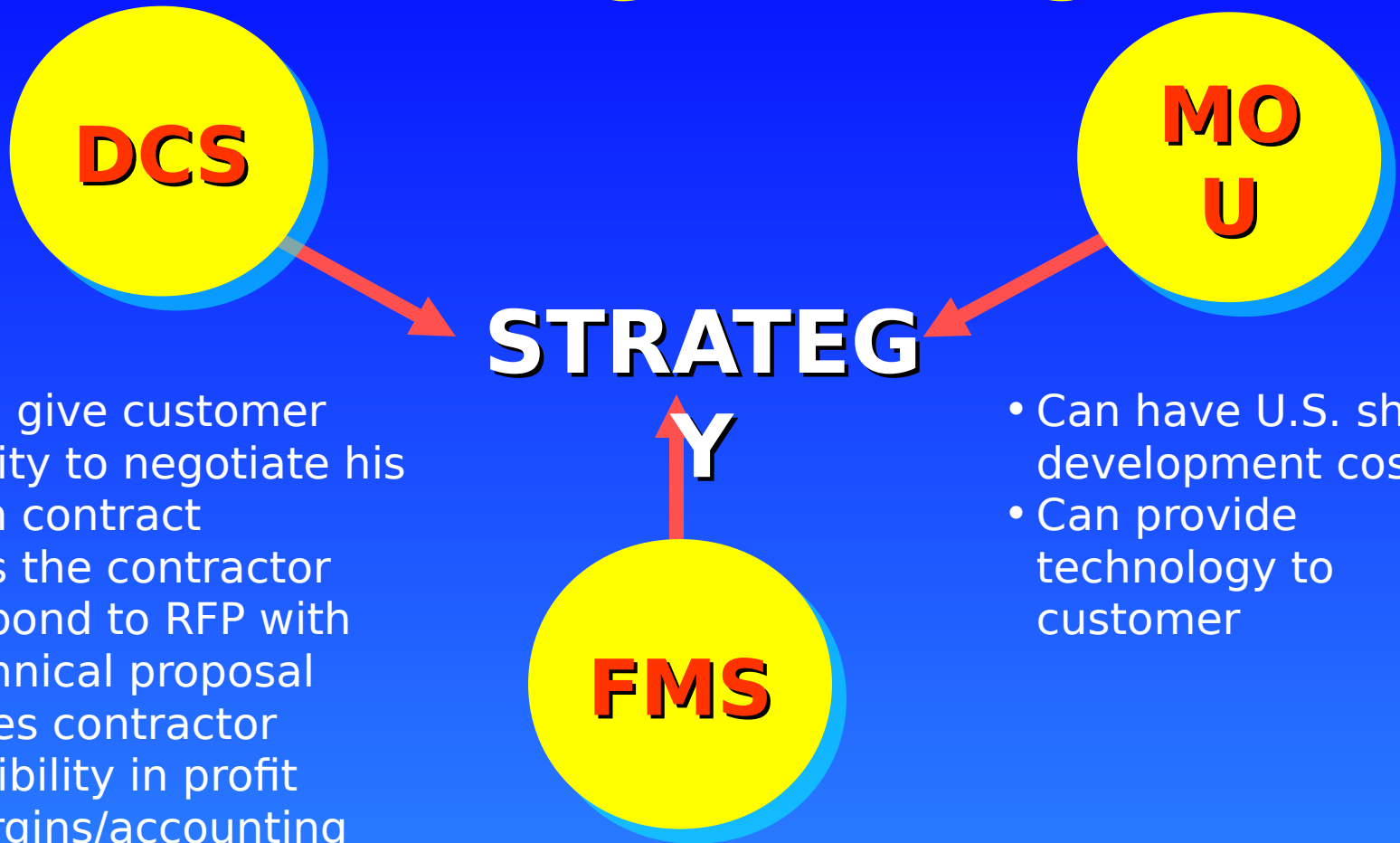


# MOU Arrangement

MO  
U

Gov't Role	Contractor Role	Foreign Cus-tomer Role
<p>U.S. Gov't</p> <p>Foreign Gov't</p> 	<p>U.S. Gov't →</p> <p>Foreign Gov't →</p> <p>Contract</p> <p>US Company</p> <p>Works for MOU Participants</p> 	<p>No customer, just partners.</p>

# HYBRID ARRANGEMENTS



- Can give customer ability to negotiate his own contract
- Lets the contractor respond to RFP with technical proposal
- Gives contractor flexibility in profit margins/accounting

- Inserts strict procedures to ensure effective employment of the system and life time support

- Can have U.S. share development costs
- Can provide technology to customer

# FMS, DCS, MOU and Hybrid Arrangements

	Gov't Role	Contractor Role	Foreign Customer Role	
FMS	<p>U.S. Gov't → <b>LOA</b> → Foreign Country</p> <p>U.S. Gov't → <b>Contract</b> → US Company</p>	Works for U.S. Gov't	Negotiates LOA with US Gov't	<b>Hybrid</b> = Part FMS, part DCS (or part MOU)
	Reviews Export License	<p>Foreign Country → <b>Contract</b> → U.S. Company</p> <p>Works for Foreign Country</p>	Negotiates contract with US company	
MOU	<p>U.S. Gov't → <b>MOU</b></p> <p>Foreign Gov't → <b>MOU</b></p>	<p>U.S. Gov't → <b>Contract</b> → US Company</p> <p>Foreign Gov't → <b>Contract</b> → US Company</p> <p>Works for MOU Participants</p>	No customer, just partners.	

# SUMMARY

- **No one best vehicle**
- **Choose vehicle based on specific situation**
- **Use combinations to capture strengths of each**

**BACKUPS**

# OSD POLICY

- Security Assistance Management Manual (SAMM):
  - “***DoD is generally neutral***” regarding method of sale, and the services can recommend FMS only based upon several factors “Presidential restriction; DoD policy; international agreement; or a US force interoperability or safety requirement.” ... “***Disagreements may be reconciled by DTSA.....***”

# OSD POLICY (CONTINUED)

- Defense Technology Security Agency (DTSA):
  - *“The following criteria are the basis from which DoD will recommend an FMS-only sale determination:*
    - *Legislative/Presidential restriction*
    - *DoD/**Service policy** directive or regulatory requirement*
    - *Government to government agreement*
    - *Interoperability/safety requirements for US forces*

# TTSARB Process

## INITIATION

- Country Request
- PM Request
- Industry Request (after coordination with PM)
- etc.

Navy IPO

Draft TTSARB and Summary



## COORDINATION

- DASNs
- PEO/DRPMs/ SYSCOMs
- OPNAV
- CMC(PP&O) if MC issue

Navy IPO

Recommends Decision

- N7
- N3/N5 } Cho p

## RECOMMENDATION

## SECNAV

with input by CNO or CMC if Marine Corps issue

(thus far, an appeal has not been necessary in the normal process)

## APPEAL if necessary

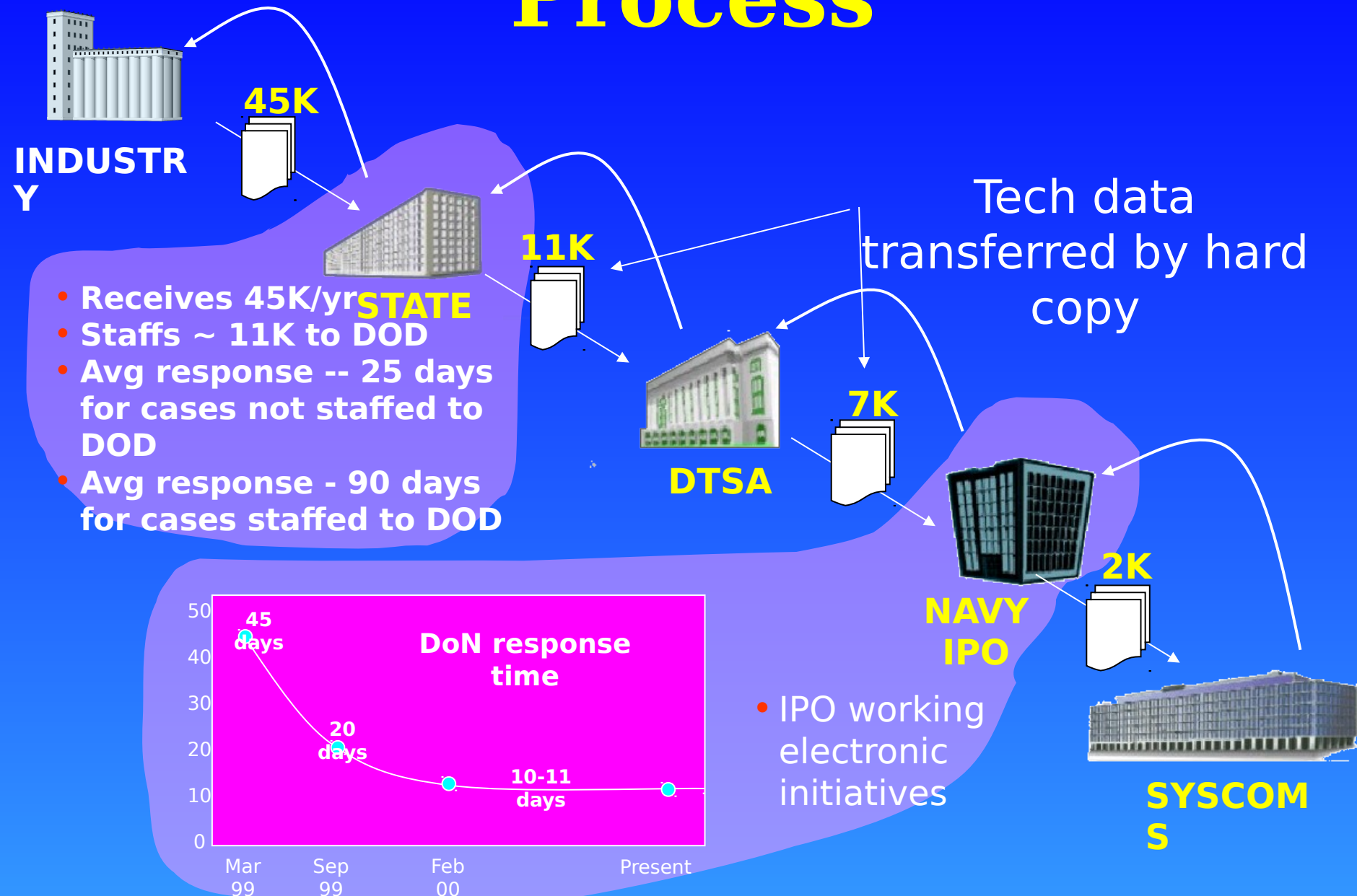
- VCNO (or ACMC if Marine Corps issue)
- ASN(RDA)

(Decision is effective if Co-chairmen agree)

## DECISION



# Export License Process





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Slides will be available on  
the Navy IPO website at  
<https://www.nipo.navy.mil>